

FACT SHEET DID YOU KNOW – UNDEREMPLOYMENT

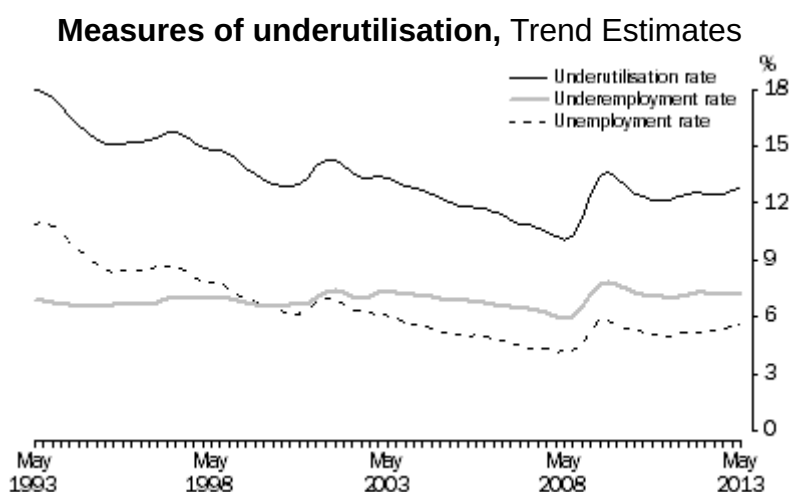
UNDEREMPLOYMENT

The ABS provides a number of measures of the labour market including employment, **un**employment and **under**employment. One important measure is underemployment which provides a measure of those **employed** people whose labour is not fully utilised. Combining information about the **un**employed and **under**employed provides a more complete picture of the unused labour supply at a point in time. These measures are used by governments and economists to understand the composition of the labour market.

Underemployment is published every three months (February, May, August and November) in Labour Force, Australia (ABS cat. no. 6202.0). Data are presented by age and sex, and by state/territory and sex in original, seasonally adjusted and trend terms (in Tables 20 and 21 and Time Series Spreadsheets 22 and 23).

HOW MANY PEOPLE ARE UNDEREMPLOYED?

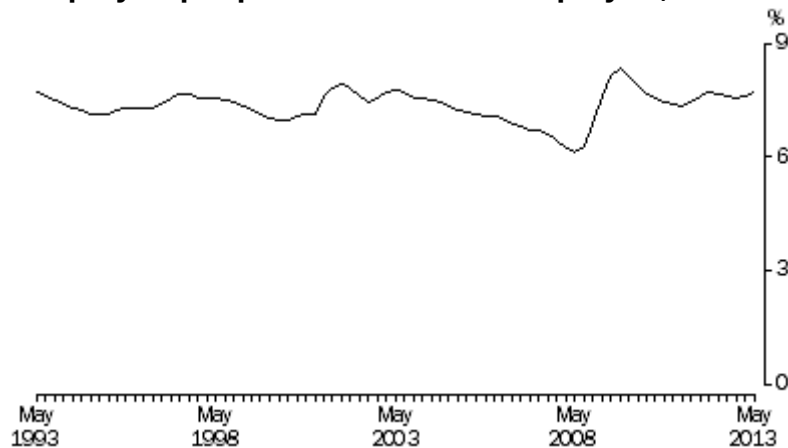
In May 2013, about 900,000 employed people were underemployed (trend); which was around 30% higher than the number of unemployed people. The underemployment rate (that is underemployed as a proportion of the labour force) was 7.3%. Combined with unemployment at that time, 12.8% of the labour force was underutilised. This is known as the labour force underutilisation rate. The trend in underutilisation, and its components, are shown below. There has been a general downward trend since 1993, with notable increases reflecting economic cycles.



Underemployment when expressed as a percentage of all employed people (rather than of the broader labour force) can also provide an indication as to how many employed people have

"insufficient" work. In May 2013, 7.7% of employed people were underemployed (trend).

Ratio of employed people who are underemployed, Trend Estimates



HOW IS UNDEREMPLOYMENT CALCULATED?

Underemployment supplements the unemployment measure by providing an indication of the number of employed people who want, and are available for, more hours of work than they currently have. Those underemployed comprise:

- persons employed part-time who want to work more hours and are available to start work with more hours, either in the reference week or in the four weeks subsequent to the survey; or
- persons employed full-time who worked part-time hours in the reference week for economic (involuntary) reasons, such as being stood down (endnote 1).

HOW OFTEN IS UNDEREMPLOYMENT AVAILABLE?

Underemployment is currently published every three months, however it is planned to collect underemployment monthly from July 2014, and publish it on a monthly basis later in 2014. From July 2014, the scope of underemployment will be broadened to include all employed people who want, and are available for, more work by including persons employed full-time who worked full-time hours in the reference week and want, and are available for more hours of work. It is proposed to also maintain the currently defined measure to provide a consistent series over time.

A broader discussion on labour underutilisation was released in the article Labour Underutilisation: More than Unemployment in Australian Labour Market Statistics, January 2011 (cat. no. 6105.0).

ENDNOTE

1. It is assumed that these people wanted to work full-time in the reference week and would have been available to do so.

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